

**ANNUAL
REPORT**



**WHITE
PAPERS**



**DATA
SHEETS**



**WIRELESS 9-1-1
INFORMATION**



Announcement details
from 11/17/00 webcast.



3rd Quarter Earnings

Marking the way for Emergency Response

Thirty years ago, the United States created a telephone network that revolutionized the public safety industry. In an emergency, most people could pick up a telephone, dial 9-1-1, and know that help was on the way. Today, the 9-1-1 system is still effective, but the infrastructure behind 9-1-1 hasn't changed much from the time of its inception-leaving it unable to bridge gaps to some new communication technologies.

SCC is leading the way in creating innovative products and services for Enhanced 9-1-1 (E9-1-1) that take advantage of today's technologies. We're making E9-1-1 better than ever before-delivering accurate information, faster, to the right people-when seconds count. And our customers-Incumbent Local Exchange Carriers (ILECs), Competitive Local Exchange Carriers (CLECs), Integrated Communications Providers (ICPs), and Wireless Carriers-can outsource their 9-1-1 management requirements to us saving them time and money and allowing them to focus on their core business.

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Our Vision

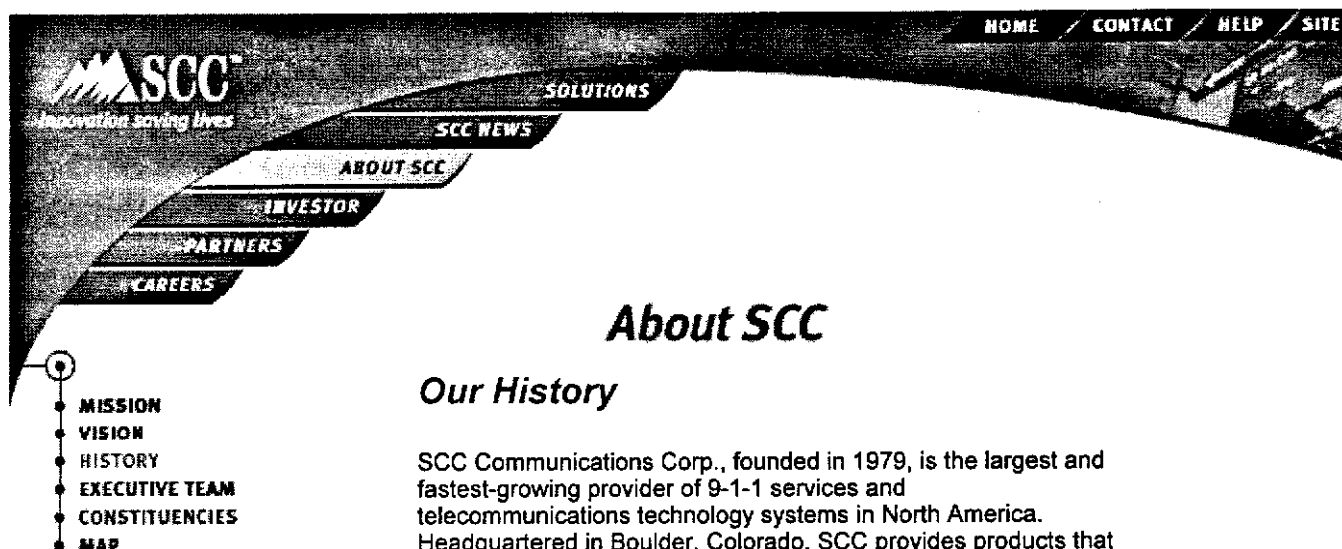
SCC Communications Corp. is the leading provider of 9-1-1 Operations Support SystemsSM (9-1-1 OSSSM) services to Incumbent Local Exchange Carriers (ILECs), Competitive Local Exchange Carriers (CLECs), integrated communication providers (ICPs), and Wireless Carriers in the United States.

In addition to our OSS leadership position, it is also our goal to be the leading national provider of complementary services to ILECs, CLECs, and Wireless Carriers. We continue to focus on developing innovative and value-added solutions to provide customers with a comprehensive system for managing the large amounts of dynamic subscriber information needed for an effective 9-1-1 system.

Corporate Strategy

- Maintain and extend our leadership position in the E9-1-1 wireline data management market
- Capitalize on emerging Wireless Carrier opportunities
- Maintain and extend our leadership position in national Clearinghouse services for CLECs
- Continue to provide essential services to telecommunications carriers
- Continue to develop applications for new commercial products both nationally and internationally

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About SCC

Our History

SCC Communications Corp., founded in 1979, is the largest and fastest-growing provider of 9-1-1 services and telecommunications technology systems in North America. Headquartered in Boulder, Colorado, SCC provides products that are utilized directly or indirectly by more than 160 million people around the world.

SCC's primary offering is the large-scale data management and delivery infrastructure necessary to deliver Enhanced 9-1-1 (E9-1-1). From the company's inception, however, we have been well known for the development of innovative and value-added products and services for the public safety industry.

A History of Firsts

SCC's track record of significant industry "firsts" speaks for itself. No other organization in the public safety realm can claim so many firsts:

- First fault-tolerant, geographically distributed Automatic Location Identification (ALI) and Selective Routing (SR) systems for E9-1-1
- First satellite-based E9-1-1 data delivery system
- First wireless 9-1-1 ALI system
- First spatial coordinate-based mapping display and management system
- First coordinate-based E9-1-1 call control system
- First network-based E9-1-1 Automatic Call Distribution (ACD) system
- First Internet application for E9-1-1 (9-1-1Net(r))


These accomplishments were made possible only through a cultural commitment to innovation and a strong fiscal contribution of corporate resources.

And, over the years, we have seen our role in the industry continue to expand. For example, because of our expertise, we actively take part in the development of standards to assist in the application of new 9-1-1 technologies in the rapidly evolving world of telecommunications.

Our commitment to public safety continues to be widely recognized. So today, just as in 1979, SCC devotes significant effort toward the research and development of enhanced products, services, and software for the public safety market place.

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About SCC

Executive Team



George Heinrichs

Mr. Heinrichs is cofounder, president, and CEO of SCC Communications Corp. He has led SCC's growth as it has become the nation's largest provider of 9-1-1 technology solutions and services for the telecommunications and public safety industries. Prior to founding SCC, his public safety career included ten years of active involvement in state and national advisory boards for law enforcement information systems.



Stephen Meer

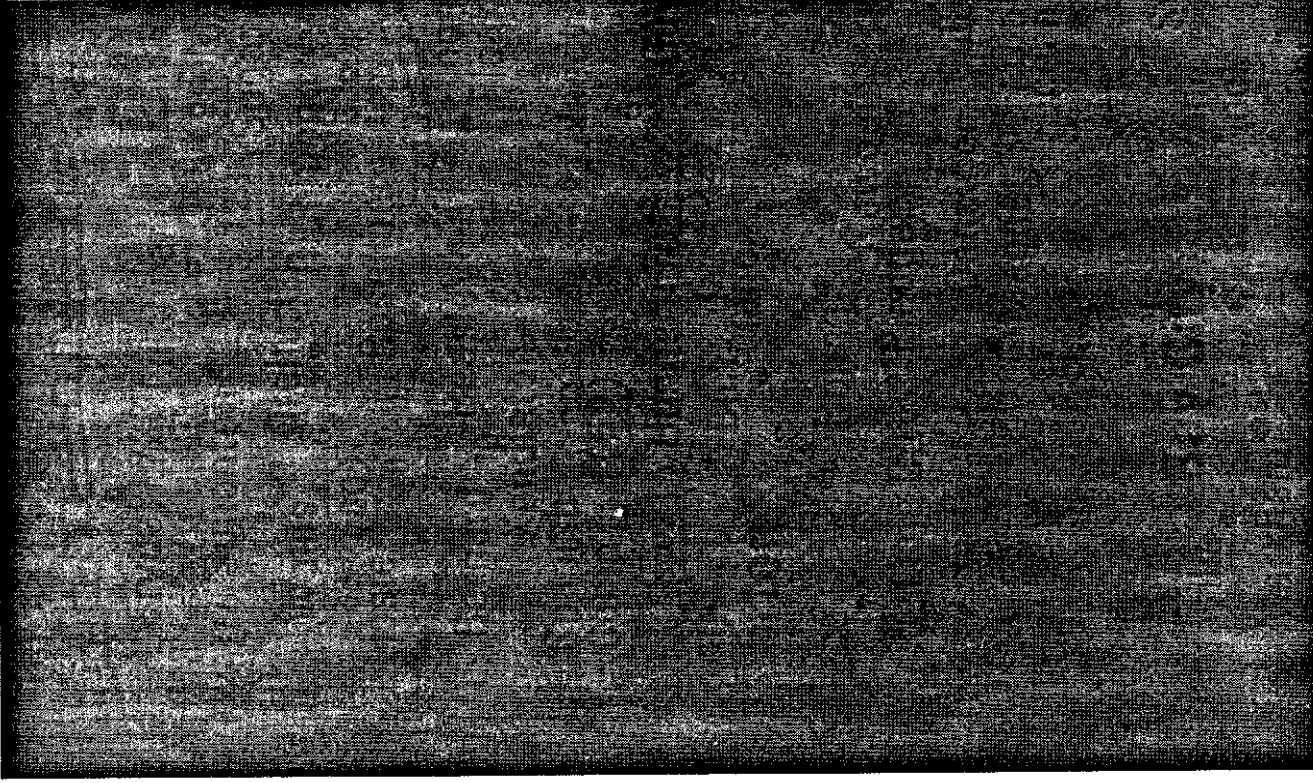
Mr. Meer is cofounder, vice president and CTO of SCC Communications Corp. In this capacity he works with the telecommunications and public safety industries to implement innovative technologies and systems in the 9-1-1 field. A 10-year veteran of public safety and a Charter-Certified Emergency Number Professional (ENP), Mr. Meer is actively involved in the key standards and technical committees associated with 9-1-1 and other emergency communications industries.



Michael Dingman

Michael Dingman is the CFO of SCC Communications Corp. Dingman brings nearly two decades of diversified financial management experience to SCC. Prior to joining SCC, he served as CFO and treasurer of RMI.NET, Inc. He also has extensive experience in financial consulting as president and founder of an investment consulting firm.

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Company Profile

SOC Communications Corp. is the leading provider of mission critical management service for the telecommunications and public safety industries. As a strategic partner with telecommunications carriers, state and local governments, we provide scalable, high-volume data management services, secure, reliable network interfaces and capabilities of timely, accurate data. As a result, SOC manages more wireless emergency records and services than any other company in the world.

The data managed by SOC accompanies the voice portion of the 9-1-1 call, provides the caller's location, and is critical for routing an incoming 9-1-1 call to the right public safety agency. Our systems reliability is unmatched, and we have maintained extremely high levels of service availability for more than five years.

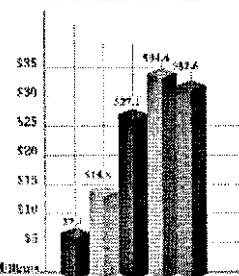
SOC works with telephone service providers on a daily basis to manage complex network interfaces and to ensure accuracy in the 9-1-1 database. These efforts create cutting-edge improvements that continue to change the face of enhanced 9-1-1 and position SOC for broader applications in the booming telecommunications industry.

(dollars in thousands, except per share data)

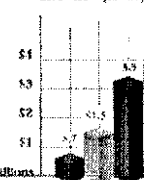
	1999	1998	1997	1996	1995
Statement of Operations Data					
Total revenue	\$32,584	\$34,440	\$27,072	\$14,807	\$7,413
Income (loss) from operations	(2,137)	3,795	3,334	1,473	886
Net income (loss)	\$ (1,288)	\$ 2,871	\$ 1,876	\$ 373	\$ (1,444)
Net income (loss) per share:					
Basic	\$ (0.12)	\$ 0.29	\$ 0.61	\$ (0.17)	\$ (1.07)
Diluted	\$ (0.12)	\$ 0.28	\$ 0.51	\$ 0.05	\$ (1.07)
Balance Sheet Data					
Cash and cash equivalents	\$ 8,354	\$10,266	\$ 2,503	\$ 32	\$ 1,004
Short and long-term investments in marketable securities	13,158	8,815	—	—	—
Working capital (excess)	18,014	17,678	(3,970)	(7,343)	(8,135)
Total assets	41,780	45,095	21,108	16,482	11,735
Long-term debt	2,038	2,791	5,691	4,316	1,934
Total stockholders' equity (deficit)	32,935	33,591	(11,867)	(13,068)	(4,614)

1995
1996
1997
1998
1999

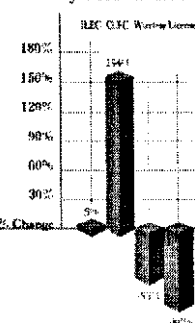
Total Annual Revenue



Annual Operating Income (Loss)



1999 Revenue Growth by Business Unit



Dear Shareholders,

1999 was a successful year for SCC, a year of awaiting for the future. In 1999, we restructured the company into functional business units, added a number of new products and services, and put the building blocks in place that will not only drive SCC into the future as the leader in 9-1-1, but will also position our company for expansion into other markets.

During 1999, we realized that in order to provide a full range of services to a diverse set of clients, many of whom are competitors with one another, SCC would need to reshape its approach to the marketplace. In addition, SCC's management recognized that while some areas of the core business were experiencing heavy investments, other segments of our business were doing very well, and there were a number of new markets yet to explore. It was difficult for our shareholders to distinguish among our various business units. To empower our teams to focus on specific customer and market demands, SCC announced a new vertical arrangement, consisting of four distinct business units, as well as several enterprise-wide support groups.

The business units are Incumbent Local Exchange Carriers (ILEC), Wireless Operations, Competitive Local Exchange Carriers (CLEC), and Direct (encompassing the State of Texas and other government entities). Our support groups include Software Engineering, Computer Operations, and Executive/Administrative Services. The focus facilitated by the creation of individual business units is already delivering positive results. The new structure allows managers to concentrate more on growing their revenue and market share. They are defining and delivering the highest levels of customer service possible and improving SCC's operational effectiveness.

Financial Results. The ILEC business unit, which serves clients who have long been the backbone of SCC's business model, once again showed reliable and steady growth in 1999. We continue to look for ways to strengthen our relationships with our ILEC clients, and we are focusing on the research, development, and marketing of products and services to meet their changing needs and to expand the breadth of services we offer.

The CLEC business unit more than tripled in 1999, exceeding the one-million subscriber mark in January, the two million mark in June, and the three million mark in December. Our CLEC customers rely on SCC to provide the training and expertise they need to get up and running quickly. SCC focuses on the technical issues of building an accurate data source, thereby allowing the CLEC to concentrate on the all-important element of customer service.

The Wireless business unit was our highest strategic priority during 1999, with ongoing expenses of about \$5 million. Our early experience with a number of wireless carriers to create solutions that meet government 9-1-1 requirements, thereby speeding our customers into the market, have resulted in solid market share. While the early adopter base is smaller than we would have liked, signals from the industry and our customers indicate that an accelerated rollout is imminent.

A major hurdle was eliminated in October 1999 when Congress passed and President Clinton signed the Wireless Communications and Public Safety Act of 1999, giving wireless carriers the same liability protection for 9-1-1 as wireless carriers. As a result, carriers have been able to simplify their contracts with Public Safety Answering Points (PSAPs) and eliminate a significant number of indemnification provisions that were holding up deployment. With these barriers put to rest, the wireless carriers are now focusing on rolling out their next-generation services. These factors work together to drive demand for SCC's wireless solutions.

The Direct business unit's biggest accomplishment in 1999 was the successful pilot of a 9-1-1 solution for which a state government contracted directly with SCC for services. This contract with the State of Texas represents a major opportunity for SCC because it demonstrates that our 9-1-1 services can be sold directly to state and local governments. In addition to telecommunications carriers, due to the strategic importance of our new direct offerings, we invested approximately \$1.2 million to lay the foundation in Texas.



This included opening an office in Austin, Texas, to supplement our data management capabilities in Boulder, Colorado. It also included support for an extensive pilot of 40,000 telephone records and 17,000 service orders. There are between 11 and 12 million records in Texas, and entities representing more than six million have committed to transferring their records to SCC. To date, we have transitioned more than three million records and expect to complete the cutover of the initial six million records by the end of the year. We are working toward gaining management of the remaining six million in the near future. Therefore, the success of our investment is significant.

In addition to the strategic initiatives in each business unit, the Direct and ILEC business units teamed up to create new services, the first of which is our Emergency Warning and Evacuation® (EWE®) service. EWE performs high-volume outbound telephone calling to targeted areas warning citizens of impending danger. By the end of 1999, we had completed testing of the product and signed a contract with major ILEC to market the product under the name Emergency Preparedness Network (EPN). Several customers are now live on this product, and we are in contract negotiations in several other jurisdictions.

We made a strategic decision going into 1999 to focus our business on our data management services model and did not expend any significant efforts on selling our license model. As a result, our revenue from licenses and implementation services decreased by about \$3.4 million. We remain committed to the recurring and long-term nature of our contracts under the services model. However, we may pursue certain license opportunities, such as in international markets, as we go forward.

Investment Strategy and Growth SCC is the undisputed leader in the delivery of mission-critical transactions to telecommunications carriers and public safety agencies—as present. But the use of wireless devices is growing at a phenomenal rate. Cars can phone for help. You can call your cousin from your PC—or your wristwatch! These innovative and exciting technologies have opened the door to the development of applications not previously possible, and they introduce 9-1-1 challenges that represent significant opportunities for SCC.

One such challenge lies in the fact that wireless callers can, and the tether to a specific address does not exist. A national-scale solution is not in place to deliver the wireless call and location information through the 9-1-1 network and to route the caller's calls to the appropriate answering point. Due to SCC's database assets and working relationships with the ILECs, CLECs, wireless carriers and public safety agencies, we are in a unique position to be the backbone for all 9-1-1 call routing and call and data delivery on a national scale. SCC will capitalize on this opportunity. Our 2000 strategy calls for investment of about \$10 million in the research, development, marketing, and implementation necessary to create the next generation of 9-1-1 supporting infrastructure, as well as, opening the door to broad sets of new applications and services.

We're excited about the progress we've made and the opportunity that lies ahead. SCC has the vision, technology, and experience necessary to take public safety telecommunications into the 21st Century. We have built the complex infrastructure needed to support such a claim. Keeping pace isn't enough. SCC will continue to revolutionize the way 9-1-1 is done.

I thank our employees for their continued dedication and our shareholders for their support.

George K. Heinrichs

George K. Heinrichs,
President and Chief Executive Officer

